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Permits Office Air-3
U.S. EPA, Region 9

SALT RIVER PROJECT

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RICHARD M. HAYSLIP
MANAGER

CERTIFIED MAIL

February 17, 2003

Mr. Gerardo Rios
Chief, Permits Office, Air Division
U.S. EPA Region IX (AIR-3)
75 Hawthorne Street
San Francisco, California 94105

**Re: Navajo Generating Station
Unit 3 Economizer Replacement
Permit No. NN-OP 00-01**

Dear Mr. Rios:

As was discussed during a meeting between SRP and EPA Region IX on January 15, 2003, SRP is hereby providing notice to the Agency that it will begin replacing the economizer of Unit 3 at Navajo Generating Station (NGS) during a planned unit outage in March and April 2003. It is SRP's position that this activity constitutes routine maintenance and is therefore exempt from further evaluation under EPA's NSR program. However, since SRP understands that this type of activity has been cited by EPA as non-routine for purposes of its NSR enforcement initiative, SRP is hereby providing notice of the planned activity, consistent with the administrative requirements of the NSR reforms that were published on December 31, 2002, and which will become effective on March 3, 2003.

The two-year baseline period for purposes of SRP's emissions analysis is September 1999 through August 2001. Heat input and SO₂/NO_x emissions data for this period were based on information collected pursuant to the facility's Acid Rain obligations. Particulate emissions were based on year 2000 emissions test data. Future actual emissions, for January through December 2008, were estimated based on the unit's expected post outage heat rate, the future planned outage schedule, historic forced outage rates, and current economic curtailment rates. Since replacing the economizer is unrelated to the combustion process, future emissions were estimated assuming emission rates on a lb/MMBtu basis will be equal to past actual emission rates. The results of the analysis, which are presented in the attached table, show that future emissions from Unit 3 are expected to be less than past actual emissions.

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The forced outage rate of the unit after the project is not expected to be less than the forced outage rate in the baseline years. Any calculated change in emissions resulting from a decrease in economizer related forced outages will be offset by a comparable decrease in heat rate (i.e., decrease in fuel use per unit of generation). Since NGS is a low-cost producer of electricity, both in terms of fuel costs and other operating costs, the expected change in heat rate is insufficient to affect the dispatch order of the unit.

SRP will submit information on the effects the economizer replacement have on actual emissions annually for five years, beginning with a report in 2005. The information will be submitted within 60 days of the end of each year, consistent with the requirements of the recent NSR reforms.

Please contact Kevin Wanttaja at (602) 236-2968 if you have any questions.

Sincerely,



Richard M. Hayslip

cc: Matt Haber, U.S. EPA Region IX

File: LOC 6-2-7

Navajo Generating Station – Unit 3
Comparison of Past Actual to Future Actual Emissions

	Past Actual	Future Actual
Years	Sept. 1999 – Aug. 2001	Jan. 2008 – Dec. 2008
Heat Input (MMBtu)	68,509,916	66,860,000
NOx (lb/MMBtu)	0.370	0.370
SO2 (lb/MMBtu)	0.052	0.052
PM (lb/MMBtu)	0.011	0.011
NOx (tons)	12,670	12,369
SO2 (tons)	1,777	1,738
PM (tons)	377	368

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U.S. EPA, Region 9



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RETURN RECEIPT REQUESTED

January 13, 2005

Mr. Gerardo Rios
Chief, Permits Office, Air Division
U.S. EPA Region IX (AIR-3)
75 Hawthorne Street
San Francisco, California 94105

**Re: Navajo Generating Station
Unit 1 Economizer Replacement
Permit No. NN-OP 00-01**

Dear Mr. Rios:

By letter dated February 17, 2003, SRP provided EPA with notice of its planned replacement of the economizer of Unit 3 at Navajo Generating Station (NGS). At that time, SRP also informed the Agency that it would be conducting the same work on the facility's other two units during their subsequent outages, and would provide similar notifications to EPA at the times those activities are undertaken. On February 5, 2004, SRP notified EPA of the replacement of Unit 2 economizer during an outage in February/March 2004. Through this letter, SRP is now providing notification of the planned replacement of the Unit 1 economizer. The activity is planned for February and March 2005.

As you are well aware, since SRP's prior notification for Unit 3, there have been significant regulatory activities undertaken specifically to address these types of replacement activities. Most substantially, the Agency has undertaken a significant rulemaking to clarify the definition of "routine" as it applies to component replacement activities under NSR, so as to not discourage activities that promote the safety, reliability, and efficiency of the nation's power plants. And although there is some uncertainty associated with the final outcome of the Agency's regulatory work, the Agency has made clear through its actions and public statements on this topic, that work such as economizer replacements should in fact be considered routine with respect to the NSR program.

This notwithstanding, SRP has conducted an analysis of emissions preceding the planned Unit 1 economizer replacement and those expected in the future. This analysis, provided at the end of

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this letter, was conducted in the same fashion as those for the Unit 3 and Unit 2 economizer replacements. The two-year baseline period for purposes of SRP's emissions analysis is August 2002 through September 2004, excluding the months of January 2003 and February 2003. During January 2003 and February 2003, planned maintenance activities were conducted on Unit 1. Therefore, the operations of Unit 1 during those two months are not representative of normal source operation. Heat input and SO₂/NO_x emissions data for the baseline period were based on information collected pursuant to the facility's Acid Rain obligations. Particulate emissions were based on year 2004 emissions test data. Future actual emissions, for January through December 2010, were estimated based on the unit's expected post outage heat rate, the future planned outage schedule, historic forced outage rates, and current economic curtailment rates. Since replacing the economizer is unrelated to the combustion process, future emissions were estimated assuming that emission rates on a lb/MMBtu basis will be equal to past actual emission rates. The results of the analysis, which are presented in the attached table, show that future emissions from Unit 1 are expected to be less than past actual emissions.

Like Units 2 and 3, the forced outage rate of Unit 1 after the project is not expected to be less than the forced outage rate in the baseline years. Any calculated change in emissions resulting from a decrease in economizer related forced outages would be offset by a comparable decrease in heat rate (i.e., decrease in fuel use per unit of generation). Since NGS is a low-cost producer of electricity, both in terms of fuel costs and other operating costs, the expected change in heat rate is insufficient to affect the dispatch order of the unit.

When SRP submitted its notification for the Unit 3 economizer replacement, it informed the Agency that it would submit information on the effects the activity has on actual emissions annually for five years, beginning with a report in 2005. However, with respect to Unit 1, given the Agency's efforts to affirm that such activities are in fact routine, SRP does not intend to submit such information for Unit 1, unless it is otherwise determined to be required by EPA.

Please contact me at (602) 236-2968 if you have any questions related to this.

Sincerely,



Kevin Wanttaja
Environmental Compliance

cc: Matt Haber, U.S. EPA Region IX
LOC 6-2-7

Navajo Generating Station – Unit 1
Comparison of Past Actual to Future Actual Emissions

	Past Actual †	Future Actual
Years	August 2002 – September 2004	Jan. 2010 – Dec. 2010
Heat Input (MMBtu)	68,210,234	66,860,000
NOx (lb/MMBtu)	0.3521	0.3521
SO2 (lb/MMBtu)	0.0366	0.0366
PM (lb/MMBtu)	0.012	0.012
NOx (tons)	12,008	11,771
SO2 (tons)	1,247	1,223
PM (tons)	409	401

† : The Past Actual period was chosen as the months including and in between August 2002 and September 2004, with the exception of January 2003 and February 2003. In January/February 2003, planned maintenance activities were conducted on Unit 1, resulting in limited usage of Unit 1. Therefore, January and February 2003 were considered to be unrepresentative of normal operation for Unit 1, and were excluded from the Past Actual computation.